

King County Quarterly Economic Measures

Fourth Quarter, 1999

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Executive Summary

As part of its 1999 special programs contract with the Office of Budget and Strategic Planning, the Central Puget Sound Economic Development District (EDD) produces quarterly reports on national and county economic measures. This document is an executive summary of the fourth quarter, 1999 report. Anyone desiring copies of the full 25-page report should contact Ray Moser, Manager, Economic Development Program at 205-0707.

The Nation

U.S. Economic Measures

The U.S. economy continued its strong growth in the fourth quarter of 1999, fueled by consumer spending and an increase in business inventories in advance of anticipated Y2K disruptions. GDP growth in the third quarter has been revised upward to 5.7% from an initial estimate of 4.8%. Early fourth quarter results show GDP growing at an annual rate of 5.8%, the best performance since the 5.9% result in the final quarter of 1998. Strong year-end growth helped to make 1999 the third consecutive year in which the U.S. economy grew at or above a rate of 4.0%. The last time the economy exceeded 4% growth for three years running was 1976-1978.

After raising interest rates twice in the third quarter, the Federal Reserve remained concerned over the U.S. economy's ability to resist inflation in the face of continued high growth. Consequently, the Fed took the opportunity on November 16 to raise the federal funds rate a further quarter point to 5.5%. With these three successive rate increases—in June, August, and November—the Federal Reserve restored interest rates to levels held in advance of the Asian crisis some 14 months earlier. Inflation concerns were bolstered in the fourth quarter by a 2.0% annualized rise in the GDP price deflator, the highest increase since the first quarter of 1997. As measured by the Consumer Price Index the prospects for renewed inflation appear less likely. An increase in the CPI of only 0.2% in December followed back to back 0.1% increases in October and November. End of the year figures showed inflation rising at a rate of 2.7% compared to 1.6% in 1998. However, the difference was due mostly to rising oil prices. The core rate of inflation, which excludes volatile food and energy prices, rose only 1.9%, the lowest annual rate recorded since 1965. Rising interest rates have led to higher mortgage rates. Immediately prior to the Nov. 16 Fed increase, the 30-year fixed rate mortgage fell to a fourth quarter low of 7.67%, the lowest level since late July. However, since the November increase, mortgage rates have resumed their upward trend, rising to 8.06% by the end of December. Inflation fears have also driven bond yields higher. The 30-year benchmark reached its highest level in over two years by the end of December 1999.

Industrial/Manufacturing Measures

The manufacturing sector provides further evidence of the robust economy. Investment in producers' durable equipment (equipment and software), although more restrained in the final quarter than earlier in the year, defied predictions of a Y2K meltdown and grew at a respectable 4.9% annualized rate. Some influence of the millennial turnover was felt, however, in the unusually high \$71.4 billion dollar increase in non-farm inventories, assumed by most to reflect a hedge against any potential Y2K-related disruptions in supply. New factory orders rose sharply (3.3%) in December after uneven performances in October (-0.04%) and November (1.4%). Orders for aircraft made up approximately 40% of the increase in December as Boeing sought to boost its year-end sales figures. Industrial production advanced steadily throughout the quarter, up 1.0% in October and showing successive 0.4% gains in November and December. Capacity utilization rates remain low by historical standards despite the prolonged period of economic growth, due to renewed capital investment and expanding industrial capacity.

Income Measures

In October, personal income grew by 1.3%, the largest monthly gain in five and a half years. The unusually strong result was skewed by large payments such as agricultural subsidies and union contract signing bonuses. More in keeping with recent trends was the 0.4% rise in November followed by a 0.3% December increase. For all of 1999, incomes rose 5.9%, the same as in 1998. Wage and salary growth remains healthy, actually accelerating in recent months.

The Region

Economic Activity

Prospects appear good for another year of strong economic growth in the Puget Sound region, although most local experts seem to agree that it will be at a markedly slower pace than in recent years.

Price levels in the region rose only slightly in the fourth quarter of 1999. The consumer price index (CPI) for the western U.S. was up 0.6% from the previous quarter, for an annual rate of 2.3%. The estimated CPI for the Seattle metro area rose 0.7% in the fourth quarter of 1999, for an annual rate of 2.7%. The area CPI has risen between 2.9% (1998) and 3.5% (1997) in the past five years.

Bankruptcy filings in King County fell to their lowest levels since fourth quarter 1995. Bankruptcies declined 0.4% from the previous quarter and 9.8% from the same quarter twelve months earlier.

New business starts within Seattle plummeted in the fourth quarter of 1999 with only 863 new business licenses recorded. This represents a 58% decline from fourth quarter 1998. Air traffic at SeaTac continues to follow a long run trend of steady growth. The total number of passengers passing through the airport in the fourth quarter of 1999 was up 1.4% from the same period one year earlier, while air cargo volumes rose 6.1%.

Container traffic at the Port of Seattle improved over its third quarter performance, but still fell short of fourth quarter 1998 levels by 10.6%. Compared with 1998, total waterborne trade for 1999 was down by 3%.

Convention Information

The number of conventions and events held in King County during the fourth quarter of 1999 was down 20% from the fourth quarter of 1998. Total room nights, a measure of the volume of tourist and business traffic, declined by just 1% from the same period last year. Local room taxes collected during the fourth quarter of 1999 were up 17% from the same period last year. Local room tax per event, a proxy measure for delegate expenses, rose an astounding 52% from the same period twelve months earlier. According to the Seattle-King County Convention and Visitors Bureau, for all of 1999 visitors to the city spent a total of about \$350 million, with roughly half of that going to area hotels, and the remainder to restaurants, retailers and other area businesses.

Taxable Retail Sales

Taxable retail sales in King County rose 8.9% overall in the twelve months leading up to the third quarter of 1999. Among the major sectors, transportation, communications, and utilities demonstrated the highest growth with an increase over third quarter 1998 of 20.3%. Construction activity, which has been very strong over the past 18 months, followed closely with gains of 18.2%. Retail trade, which accounts for 45 percent of all retail sales, rose 8.1%. FIRE and services trailed the overall rate slightly with gains of 7.1% and 5.0%, respectively. The only major sector that failed to show improvement was manufacturing, which declined for the fourth straight quarter, down 2.7%.

Taxable retail sales in the City of Seattle rose slightly higher than the county overall, up 9.4% in the third quarter of 1999. Sales in construction outpaced all other major sectors, up 21.8%. Sales in transportation, communications and utilities were up by 12.6%, followed by services (7.5%), retail trade (7.4%), and wholesale trade (3.8%). Manufacturing showed slight gains, up by 2.6%, trailed finally by FIRE, up a mere 0.2% over third quarter 1998.

Employment

The unemployment rate in King County dipped slightly at year's end. The 2.9% result recorded in the final quarter of 1999 marks the first time in 18 months that the unemployment rate has fallen below 3.0%. The unemployment rate for all of Washington State also showed improvement (down to 4.3% in the fourth quarter), although it still exceeds the quarterly average for the U.S. as a whole (3.8%). Average monthly initial unemployment claims in the third quarter of 1999 declined by 4.9% over the same period last year; the number of unemployment beneficiaries rose 7.5%. (Statistics on the number of beneficiaries by industry remain temporarily unavailable as of August 1999.) The number of nonagricultural wage and salary workers grew by 2.1% in the fourth quarter of 1999. Goods-producing industries were down by 4.5%; while services-producing industries increased by 3.9%. Manufacturing employment declined by 8.2%, led by job

losses in transportation equipment (down 16.4%). Non-manufacturing employment was marked by continued growth in construction (6.9%) as well as transportation, communications and utilities (4.5%). Other sectors, notably services (4.6%) and finance, insurance and real estate (4.0%), also outpaced the overall rate of growth for non-manufacturing employment. Within the broad services sector, two standouts were engineering and management consulting (7.2%) and business services (7.1%), especially the computer and data processing component, which grew by 15.1% over the same quarter last year.

Job Dislocation Activity

Job losses due to firm closures or workforce consolidation during the past year continue to be dominated by workforce reductions at Boeing. The King County Reemployment Center recorded an additional 2,980 workers laid off in the fourth quarter of 1999, bringing to 14,322 the number of dislocated workers attributed to the aerospace giant in all of 1999. Apart from Boeing, reductions in the manufacturing workforce during the final quarter of 1999 include 150 jobs at K2 of Vashon Island and 96 jobs at Interpoint Corp. of Redmond. In the services sector, there were a number of jobs lost in warehouse and distribution: 85 at CSK Auto in Auburn, and an additional 80 jobs at the Seattle Times in Seattle. A total of 130 customer service positions were eliminated at QualMed in Bellevue. KeyCorp of Auburn cut its credit and collections staff by 175. Adobe Systems, Inc. of Seattle and Keane, Inc. of Kirkland reduced their computer support staff by 63 and 51, respectively. There were a number of layoffs of backoffice staff among some of the area's retail giants: Eagle Hardware of Renton eliminated 300 jobs in accounting, marketing, human resources, purchasing and MIS; Nordstrom cut 190 information technology positions. Among health care providers, Monarch Care Center of Des Moines reduced its staff by 84, and the Yesler Terrace Clinic by 12. King County Public Health eliminated 15 positions.

Boeing and Airline Industry Data

The largest job losses in the central Puget Sound region continue to come from ongoing layoffs at Boeing. Workforce reductions have averaged about 1300 per month since mid-1998. Boeing employment in the fourth quarter of 1999 declined by 17.8% compared to the fourth quarter of 1998. However, Boeing contractual backlogs also declined during the fourth quarter, down by 12.1% from the same period one year earlier. Backlogs in the commercial airplane division continue to decline, down by 15.2%. Moreover, the market outlook for new airplanes remains positive. Although net earnings for domestic carriers may have peaked last year, U.S. airlines continue to enjoy record profits.

Wages

With employment and payroll data now available for the first half of 1999, overall monthly wages can be seen to have risen slightly in the first quarter (3.3%) only to fall again in the following quarter (-4.4%). However, total wage levels in the second quarter

of 1999 were higher than in the same quarter one year earlier, by 6.2%. The major sectors with the highest average monthly wage were services and manufacturing.

Real Estate

Construction

The housing market in the region remains very strong, and although rising interest rates and fewer in-migrants may gradually lead to a slackening in the current torrid pace of real estate development, there are no signs of a slowdown as yet. New home sales in King County eased only slightly in the fourth quarter of 1999, up nearly 23% over the same period last year. When sales of existing homes are included, total home sales rose a more modest 1.5%. Strong demand means continued higher prices—the average sales price of new and existing homes rose 12% from the same period one year earlier. Considered separately, the average sales price for new homes increased by 18%.

The number of commercial and industrial permits issued in the third quarter declined by 12.1%, although the dollar value of non-residential construction rose almost 50% from the same period last year. In contrast, although the value of residential construction was down by 23.4% from the third quarter of 1998, the number of building permits issued for existing units was up by 7.4%, and for new residential construction by 31.1%. At the same time, the total number of new units built, which includes both apartments and single-family homes, remained largely unchanged from one year earlier. According to the City of Seattle's Department of Design, Construction and Land Use, the value of building permits issued in 1999—\$1.64 billion—represents a new record, even when compared with the boom years of the late 1980s and early 1990s. The largest increases were in existing and new commercial building permits. In addition, while single family construction appeared to peak, multifamily construction was up for the third consecutive year.

Office Market

The office market in the Puget Sound region continues to be one of the most active in the nation. Characterized by strong demand, especially from the burgeoning high-tech sector, the ongoing boom in the development of new office buildings is being driven by rising rents and low vacancy rates. According to a report by ONCOR International, a real estate services firm, in 1999 Seattle's office vacancy rate was the lowest in North America. For the Puget Sound region as a whole, the vacancy rate fell to a record low 4.1% as area firms absorbed 2.2 million square feet of new office space, a record in its own right. An additional 7.4 million square feet is currently under construction, up 44% from one year earlier, and much of it already spoken for. In response to the tightening market, rents are up slightly over the year, particularly in downtown Seattle (12.9 percent) and Bellevue (5.7 percent).

Industrial Market

The vacancy rate for industrial space in the Puget Sound region rose slightly in the final three months of 1999 to 4.45%. Net absorption slowed to a trickle (26,934 square feet) compared with the 1.8 million square feet of new industrial space added in the previous quarter. The number of new projects planned, however, grew by 38% over the same period, with 2.8 million square feet under construction in the fourth quarter. The market for industrial space in Seattle remains extremely tight, with vacancy rates barely exceeding 2%. Due to the limited supply of available land, more and more high-tech companies are converting traditional industrial space to suit their needs, often incorporating office space with a variety of other uses, including research & development, manufacturing, or warehouse & distribution. Given the pressures created by increasing demand, lease rates across the region have remained remarkably stable.

Retail Market

Spurred on by a healthy regional economy and robust consumer spending, the market for retail space in the Puget Sound region remained strong throughout the second half of 1999. The retail vacancy rate region-wide declined slightly to 5.45% from 5.59% in the first half of the year. While more than one million square feet of new retail space was added, absorption slowed somewhat from preceding periods. Gains in the Downtown and Northend submarkets were offset by a negative absorption rate on the Eastside of 141,470 square feet, due mostly to recently completed construction. Continued demand for new space has driven up average asking lease rates by 8% overall. In downtown Seattle, lease rates for the most desirable sites have risen by as much as 50 percent in the latter half of 1999.

Apartment Market

Following three years of rapid growth characterized by rising rents and diminishing vacancy rates, the apartment market at last appears to be softening. A combination of overdevelopment and declining demand has led to a general increase in vacancy rates across the region. In one or two submarkets in the downtown Seattle area, rents actually declined slightly in the latter half of 1999. According to the City of Seattle's Department of Design, Construction and Land Use, 1999 saw something of a building boom in multifamily units—plans for new Seattle apartments and condominiums hit their highest levels in 16 years, with more than half of the new units located downtown. While the overall market appears to be softening, the high-end market for luxury apartments seems to be still going strong. In December of 1999, a decade old record for per-unit price paid for an apartment complex was broken when Clarion Partners, a national real estate investment group, bought the 272-unit Avignon for \$176,470 per unit from Trammel Crow Residential. The new record was almost immediately broken the following week with the sale of Le Chateau Apartments at Richards Creek in Bellevue, which sold for a per-unit price of \$188,000. According to Dupre & Scott Apartment Advisors Inc. demand in the upper end of the apartment market should remain strong in the coming year, especially in downtown Seattle and on the Eastside.

US ECONOMIC MEASURES

OUTPUT and INFLATION

	1998		1999		
	IV	I	II	III	IV
Real GDP	\$8,659.2	\$8,737.9	\$8,778.6	\$8,900.6	\$9,026.9
GDP growth	\$123.2	\$78.7	\$40.7	\$122.0	\$126.3
% change in GDP from previous quarter	1.4%	0.9%	0.5%	1.4%	1.4%
Annualized growth rate	5.9%	3.7%	1.9%	5.7%	5.8%
Current-dollar GDP	\$8,947.6	\$9,072.7	\$9,146.2	\$9,297.8	\$9,477.1
GDP growth	\$149.7	\$125.1	\$73.5	\$151.6	\$179.3
% change in GDP from previous quarter	1.7%	1.4%	0.8%	1.7%	1.9%
Annualized growth rate	7.0%	5.7%	3.3%	6.8%	7.9%
GDP Implicit Price Deflator	103.3	103.8	104.2	104.5	105.0
Annualized growth rate	1.0%	2.0%	1.4%	1.1%	2.0%
Consumer Price Index	164.0	164.6	166.2	167.2	168.3

INTEREST RATES

	1998		1999		
	IV	I	II	III	IV
1 yr T-Bill	4.20	4.44	4.62	4.87	5.29
3 yr T-Bond	4.41	4.87	5.35	5.71	6.00
10 yr T-Bond	4.67	4.98	5.54	5.88	6.14
30 yr T-Bond	5.11	5.37	5.80	6.04	6.25
Discount Rate	4.66	4.50	4.50	4.60	4.87
Federal Funds Rate	4.86	4.73	4.75	5.09	5.31
Prime Rate	7.92	7.75	7.75	8.10	8.37
Average Mortgage Rate : United States	6.84	6.91	6.92	7.16	7.23
30-Year Fixed Rate	6.77	6.88	7.21	7.80	7.83
Average Mortgage Rate : Seattle	6.81	6.87	7.01	7.18	6.99

NOTES: GDP figures for fourth quarter 1999 are advance estimates, released January 28, 2000. Other GDP figures are revised.

Real GDP: Gross Domestic Product in (U.S. billions) 1996 dollars.

GDP Price Deflator: 1996 =100.

CPI: 1982-1984=100. Price index covers all urban consumers. Quarterly CPI is 3 month average.

National Interest Rates: 3 month average.

New Home Mortgage Yield: U.S. monthly average, not seasonally adjusted. Represents effective rate on conventional loans closed by major lenders. Rate is for newly-built homes. Effective interest rate is equal to the contract interest rate plus fees and charges amortized over a ten year period. Quarterly rates calculated as three month average.

Average Mortgage Rate: Average effective rate on conventional loans with approximate term to maturity of 30 years. Data is for the Seattle Consolidated Metropolitan Statistical Area (CMSA), which includes Kitsap, Thurston, Island, King, Snohomish, and Pierce counties.

SOURCES: GDP figures from the Bureau of Economic Analysis national accounts data (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>). CPI calculated by the Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

National Interest Rates from the Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/H15/>).

Mortgage rates from the Federal Housing Finance Board's Monthly Interest Rate Survey (<http://www.fhfb.gov/mirs.htm>).

INDUSTRIAL MEASURES

	1998		1999		
	IV	I	II	III	IV
Producers' Durable Equipment	908.5	935.7	960.9	996.6	1,008.7
Changes in Non-Farm Inventories	58.2	43.1	13.1	41.2	71.4
Manufacturers' New Orders	1,001.3	1,042.1	1,044.3	1,085.2	1,104.1
Non-Defense Capital Goods Orders	151.1	163.4	156.5	167.5	172.2
Industrial Production	132.6	132.7	134.0	136.1	139.9
Capacity Utilization Rate	80.9	80.3	80.4	80.6	81.2
Manufacturing	80.1	79.5	79.5	79.6	80.3

NOTES:

These figures measure industrial activity for the entire U.S. economy.

Producers' Durable Equipment and Changes in Non-Farm Inventories in billions of 1996 dollars, seasonally adjusted. Figures for third quarter 1999 have been revised. Figures for fourth quarter 1999 are advance estimates, released January 28, 2000.

Manufacturers' New Orders and Non-Defense Capital Goods Orders in billions of current dollars, seasonally adjusted. Figures for third quarter 1999 have been revised; figures for fourth quarter 1999 are preliminary estimates, released February 3, 2000.

Industrial Production: 1992 = 100, seasonally adjusted. Quarterly figures are 3 month average.

Capacity Utilization Rate for all industries includes manufacturing, mining, and utilities.

SOURCES:

Producers' Durable Equipment and Changes in Non-Farm Inventories: Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

Manufacturers' New Orders and Non-Defense Capital Goods Orders: Census Bureau (<http://www.census.gov/indicator/www/table5p.txt>).

Industrial Production and Capacity Utilization Rate: Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/g17/Current/>).

Regional Economic Indicators

	1998		1999		
	IV	I	II	III	IV
Consumer Price Index: Western U.S.	165.7	166.9	168.7	169.5	170.4
Consumer Price Index: Seattle CMSA	169.4	170.6	172.5	173.4	174.6
Port of Seattle					
Air freight (metric tons)	76,338	66,152	76,169	79,889	77,444
Water-borne freight (TEUs)	420,499	373,345	380,992	350,533	375,865
Air Passengers	6,185,053	5,732,910	7,097,764	8,307,005	6,562,054
Bankruptcies: Puget Sound Region	4,205	4,192	4,286	3,902	3,928
Bankruptcies: King County	1,835	1,767	1,841	1,662	1,655
New Business Starts: City of Seattle	2,055	1,728	1,822	2,898	863
Electrical Energy Usage: City of Seattle	2,355,942	2,743,722	2,250,356	2,076,725	

NOTES:

CPI –U: Covers all urban consumers. 1982-1984 = 100. Data for selected local areas available on a bimonthly basis since 1998.

Quarterly figures for Seattle-Tacoma-Bremerton CMSA are extrapolated from bimonthly data.

New Business Starts consist of the total new business license accounts for the quarter.

Electrical Energy Usage in thousands of kilowatts billed. Fourth quarter 1999 figures were unavailable for inclusion in this report.

SOURCES:

CPI: Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

Waterborne Freight and Air Traffic: Port of Seattle (<http://www.portseattle.org>).

Bankruptcies: U.S. Bankruptcy Court.

New Business Starts: Seattle Department of Licensing.

Electrical Energy Usage: Seattle City Light.

Convention Information: King County

	1998		1999		
	IV	I	II	III	IV
# Conventions/Events	133	157	156	106	107
# Room Nights	123,023	181,501	179,167	122,417	121,805
Room Nights per Event	925	1,156	1,149	1,155	1,138
	1998		1999		
	III	IV	I	II	III
Local Room Tax	\$3,583,566	\$2,743,659	\$2,442,831	\$3,302,114	\$4,183,379
Room Tax per Event	\$25,968	\$20,629	\$15,559	\$21,167	\$39,466

NOTES:

The figures for number of conventions and number of room nights are for all events booked at the convention center and area hotels. "Local Room Tax" includes Washington State hotel/motel tax distributions to Seattle-King County, exclusive of taxes collected in Bellevue. This is used as a proxy for delegate expenses. Quarterly figures indicate the months when room taxes were collected, not distributed, since distribution occurs two months after collection. For example, hotel/motel distributions for June reflect collections made in April. Second quarter 1999 figures are for taxes collected in April, May and June, and distributed in June, July and August.

SOURCES:

Number of conventions/events and number of room nights: Seattle-King County Convention and Visitors Bureau

Hotel/Motel Tax Distributions: Washington State Department of Revenue

Taxable Retail Sales

INDUSTRY	SIC	City of Seattle			King County		
		Q3 1999		CHANGE FROM Q3 1998	Q3 1999		CHANGE FROM Q3 1998
		UNITS	TAXABLE RETAIL SALES (\$)		UNITS	TAXABLE RETAIL SALES (\$)	
RETAIL TRADE	52-59	6,499	\$1,329,283,033	7.4%	12,571	\$4,059,376,599	8.1%
BUILDING MATERIALS/HARDWARE	52	267	74,516,649	2.4%	554	272,459,569	6.6%
Lumber/Bldg Material	521-522	126	38,354,572	4.2%	228	143,872,834	11.6%
Paint, Glass, Wallpaper	523	39	6,374,136	-2.1%	67	16,173,870	0.6%
Hardware Stores	525	62	26,455,327	-2.9%	145	91,816,859	-0.3%
Nurseries/Garden Supplies	526	40	3,332,614	52.8%	106	18,842,563	16.5%
Mobile Home Dealers	527	-	-		8	1,753,443	-18.5%
GENERAL MERCHANDISE	53	41	96,594,015	0.1%	88	469,231,691	6.0%
Department Stores	531	10	69,423,923	-2.5%	14	263,391,325	0.3%
Variety Stores	533	14	21,651,531	9.9%	31	166,767,672	11.4%
Other General Merchandise		17	5,518,561	-1.7%	43	39,072,694	29.1%
FOOD	54	504	115,885,456	0.5%	902	352,776,073	-1.9%
Grocery Stores	541	354	109,050,598	1.5%	620	335,061,249	-1.9%
Fruit/Vegetable/Meat	542-543	20	652,096	-34.0%	36	2,044,661	-21.3%
Candy/Nut/Confectionery	544	12	405,025	-15.4%	20	602,683	-24.8%
Dairy Products	545	6	320,627	45.5%	16	803,780	17.7%
Bakeries	546	66	2,680,011	1.8%	103	4,244,669	4.5%
Other Food Stores		46	2,777,099	-22.7%	107	10,019,031	2.5%
AUTO DEALERS/GAS STATIONS	55	400	240,025,445	9.8%	994	886,394,515	8.4%
Auto Dealers (New/Used)	551-552	104	170,542,850	12.6%	315	708,520,962	8.0%
Accessory Dealers	553	87	15,735,293	-25.1%	199	57,406,036	-7.2%
Service Stations	554	121	14,405,900	47.0%	328	50,308,514	42.9%
Marine/Aircraft, etc.		88	39,341,402	8.6%	152	70,159,003	9.2%
APPAREL/ACCESSORIES	56	333	104,533,737	3.9%	575	262,426,768	2.8%
Clothing	561-565	204	89,224,170	3.3%	351	217,260,744	2.9%
Shoes	566	35	7,953,634	15.3%	57	22,188,003	3.1%
Other Accessories		94	7,355,933	-0.6%	167	22,978,021	1.7%
FURNITURE/FURNISHINGS/EQUIP.	57	852	139,343,155	18.4%	1,581	537,326,320	17.6%
Furniture	571	338	51,036,089	18.7%	632	179,710,726	16.2%
Appliances	572	39	2,900,770	-60.6%	99	27,362,073	-32.8%
Electronics/Music Stores	573	475	85,406,296	26.9%	850	330,253,521	26.3%
EATING/DRINKING PLACES	58	1,809	283,443,067	2.1%	3,437	619,998,485	7.0%
MISCELLANEOUS RETAIL STORES	59	2,293	274,941,509	15.3%	4,440	658,763,178	11.9%
Drug Stores	591	44	27,854,275	2.7%	101	71,579,903	-3.0%
Miscellaneous Retail Stores	594	582	110,939,179	4.7%	1,108	276,936,333	7.5%
Nonstore Retailers	596	326	29,442,123	40.9%	631	70,554,404	17.7%
Fuel/Ice	598	25	7,942,765	28.5%	42	16,873,697	-8.5%
Other Retail Stores		1,316	98,763,167	26.2%	2,558	222,818,841	24.8%
SERVICES	70-89	5,356	\$72,868,255	7.5%	10,477	\$1,305,404,484	5.0%
HOTELS/MOTELS, ETC.	70	118	114,337,620	8.3%	285	227,957,845	6.9%
PERSONAL SERVICES	72	659	24,473,962	10.8%	1,497	55,222,811	8.8%
BUSINESS SERVICES	73	2,180	212,546,084	3.4%	3,725	438,710,975	-0.6%
Computer Services	737	476	44,542,429	-7.9%	818	115,730,518	15.6%
AUTOMOTIVE REPAIR/SERVICES	75	689	103,338,067	9.2%	1,592	338,015,958	9.2%
OTHER SERVICES		1,710	118,172,522	12.5%	3,378	245,496,895	7.4%
CONTRACTING	15-17	5,011	608,450,410	21.8%	8,949	1,613,440,862	18.2%
MANUFACTURING	19-39	928	96,454,106	2.6%	1,723	229,228,440	-2.7%
TRANSPORTATION/COMM./UTILITIES	40-49	451	213,668,020	12.6%	685	480,127,342	20.3%
WHOLESALE	50-51	2,714	402,969,822	3.8%	4,534	1,135,728,698	2.6%
FINANCE/INSURANCE/REAL ESTATE	60-67	310	50,099,048	0.2%	560	133,103,623	7.1%
OTHER BUSINESS	0-14/90's	824	23,893,827	7.3%	1,645	83,610,400	13.1%
TOTAL ALL INDUSTRIES		22,093	\$3,297,686,521	9.4%	41,144	\$9,040,020,448	8.9%

NOTES:

Quarterly taxable retail sales data released with a lag of up to 6 months. Units are number of businesses reporting taxable retail sales.

SOURCE:

Taxable Retail Sales: *Quarterly Business Review*, Department of Revenue, Washington State (<http://www.dor.wa.gov>).

Civilian Labor Force: King County

	1998		1999		
	IV	I	II	III	IV
Civilian Labor Force	1,043,100	1,036,933	1,033,200	1,044,900	1,050,133
Employed	1,012,000	1,002,867	1,001,633	1,011,300	1,019,267
Unemployed	31,100	34,067	31,567	33,600	30,867
Unemployment Rate	3.0%	3.3%	3.1%	3.2%	2.9%
Unemployment Rate: WA State	4.8%	5.4%	4.5%	4.5%	4.3%
Unemployment Rate: United States	4.1%	4.6%	4.2%	4.3%	3.8%

	1998		1999		
	III	IV	I	II	III
Initial UE Claims	4,972	5,266	6,090	5,115	4,730
Unemployment Beneficiaries	16,637	16,994	21,246	20,430	17,883

Nonagricultural Employment: Seattle PMSA

	1998		1999		
	IV	I	II	III	IV
Non-Agricultural Employment	1,374,233	1,352,433	1,377,733	1,385,200	1,402,700
Goods Producing	303,600	294,833	293,000	298,600	290,033
Services Producing	1,070,633	1,057,600	1,089,300	1,076,033	1,112,700
Mining	700	700	700	700	667
Construction	75,267	69,600	75,367	81,167	80,467
Manufacturing	227,633	224,533	216,633	212,667	208,900
Durable Goods	183,767	180,133	172,900	168,200	164,033
Nondurable Goods	43,867	44,400	43,733	44,467	44,867
Transportation, Communications & Utilities	81,567	80,900	83,033	84,133	85,233
Wholesale & Retail Trade	324,867	314,533	323,167	328,833	335,400
FIRE	83,033	83,200	85,600	85,900	86,333
Services	395,700	391,100	401,367	405,933	414,033
Government	185,467	187,867	191,867	185,867	191,700

NOTES:

Civilian Labor Force consists of workers who live in the region in question. (based on household survey).

Unemployment Rates are not seasonally adjusted.

Initial unemployment claims figures are average new claims per month for the quarter; the number of unemployment beneficiaries per quarter is also a three-month average.

Non-Agricultural Employment consists of workers who work in the region in question. (based on establishment survey).

Seattle PMSA includes King, Snohomish, and Island Counties. The proportion of annual average total employment represented by each is approximately 83%, 16%, and 1%, respectively.

All quarterly figures are three-month averages.

SOURCE:

Washington State Labor Area Summaries, Washington State Employment Security, Labor Market and Economic Analysis Branch.

Seattle-King County Dislocation Activity

October - December 1999

Company	Location	Occupation	No. of Workers
Boeing Co.	King, Pierce & Snohomish Counties	All job classifications	2980
Eagle Hardware	Renton	Accounting, marketing, HR, MIS & purchasing	300
Nordstrom	Seattle	Information technology	190
KeyCorp	Auburn	Credit & collections	175
K2	Vashon Island	Manufacturing	150
QualMed	Bellevue	Customer service	130
Interpoint Corp.	Redmond	Electronics manufacturing	96
CSK Auto	Auburn	Warehouse, drivers	85
Monarch Care Center	Des Moines	Long-term health care	84
Seattle Times	Seattle	Distribution	80
Adobe Systems, Inc.	Seattle	Customer support	63
Keane, Inc.	Kirkland	Computer support	51
GE Financial Assurance	Seattle	Office support	35
King County	King County	Public health	15
Yesler Terrace Clinic	Seattle	Health care	12
True Value Hardware	Kent	Retail sales	10
October - December 1999			4,456 Dislocated Workers
1999			19,692 Dislocated Workers
1998			7,259 Dislocated Workers

SOURCE: King County Reemployment Support Center

Boeing Employees in Washington State

1990	1991	1992	1993	1994	1995	1996	1997
104,515	104,700	98,603	88,890	81,964	71,834	87,769	103,400
1998 I	1998 II	1998 III	1998 IV	1999 I	1999 II	1999 III	1999 IV
103,500	104,000	101,400	98,440	90,400	86,600	83,300	80,900

NOTES:

For quarterly totals, data reflects the number of employees at the end of the quarter. Boeing employees in Washington state represent approximately 40 percent of the company's U.S.-based workforce (including contingent labor and those employed by subsidiaries).

SOURCE:

The Boeing Company (<http://www.boeing.com>)

Boeing Contractual Backlogs

	1998 IV	1999 I	1999 II	1999 III	1999 IV
Commercial Airplanes	86.1	84.1	76.9	75.7	73.0
Military Aircraft and Missiles	17.0	20.1	18.0	16.5	15.6
Space and Communications	9.8	9.6	9.5	8.7	10.6
Total	112.9	113.8	104.4	100.9	99.2

NOTES:

Boeing contractual backlogs in billions of U.S. dollars.

SOURCE:

The Boeing Company (<http://www.boeing.com>)

U.S. Airlines Net Profit

1994	1995	1996	1997	1998
-344	2,377	2,804	5,195	4,894

NOTES:

U.S. airlines net profit in millions of U.S. dollars.

ATA member airlines transport over 95 percent of all passengers and cargo traffic in the United States.

SOURCE:

Air Transport Association *Annual Report 1998* (www.air-transport.org)

Per Capita Disposable Personal Income: United States

1998		1999		
IV	I	II	III	IV
\$22,924	\$23,110	\$23,239	\$23,343	\$23,546

Monthly Average Wage by Industry: King County

	1998			1999	
	II	III	IV	I	II
Overall Average	\$3,358	\$3,384	\$3,612	\$3,730	\$3,565
Agriculture, Forestry, Fishing	\$2,430	\$2,114	\$2,729	\$2,479	\$2,801
Mining	\$3,447	\$3,751	\$4,248	\$3,217	\$3,370
Construction	\$3,106	\$3,214	\$3,518	\$3,154	\$3,308
Manufacturing	\$3,768	\$3,718	\$4,176	\$3,818	\$4,067
Transportation and Public Utilities	\$3,367	\$3,362	\$3,741	\$3,966	\$3,495
Wholesale Trade	\$3,622	\$3,670	\$4,060	\$3,913	\$3,762
Retail Trade	\$1,708	\$1,749	\$1,886	\$1,808	\$1,935
FIRE	\$3,800	\$3,859	\$4,277	\$4,338	\$3,859
Services	\$4,112	\$4,183	\$4,247	\$4,933	\$4,377
Government	\$3,025	\$3,005	\$3,200	\$3,006	\$3,124

NOTES:

Per Capita Disposable Personal Income: Values are in 1996 dollars at seasonally adjusted annual rates. Data is from the revised National Income and Products Accounts newly benchmarked to 1996. Earlier reports using 1992 figures are not comparable. Wages: Average of monthly wages per worker by industry. Figures are lagged six months or more due to reporting delay.

SOURCES:

Per Capita Disposable Income comes from the U.S. Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/nipbtbl-d.html>). Wages: *Employment and Payrolls in Washington State by County and Industry* (Washington State Employment Security).

Construction

City of Seattle

	1998		1999		
	IV	I	II	III	IV
Residential Construction	\$120,910,231	\$89,291,828	\$146,410,493	\$92,315,114	\$67,031,816
Non-Residential Construction	\$117,619,315	\$273,824,670	\$330,694,235	\$333,585,384	\$272,317,311
Building Permits					
Commercial and Industrial	655	642	748	754	664
Existing Housing Units	524	513	823	856	589
New Residential Permits	239	135	164	198	165
New Residential Units	1,032	810	1,157	928	1,213

King County

	1998		1999		
	IV	I	II	III	IV
Home Sales: New & Existing					
# of Sales	5,590	4,752	6,980	6,922	5,674
Days on Market	37	42	38	35	38
Average Sales Price	\$265,293	\$275,428	\$286,426	\$303,110	\$296,234
Median Sales Price	\$218,403	\$225,825	\$229,650	\$239,588	\$237,400
Home Sales: New Construction					
# of Sales	484	582	864	671	595
Days on Market	77	77	84	88	80
Average Sales Price	\$311,760	\$330,934	\$327,040	\$370,076	\$367,627
Median Sales Price	\$277,374	\$289,550	\$270,947	\$289,828	\$297,965

NOTES:

The number of commercial and industrial permits is estimated by subtracting from the total number permits for residential construction, schools, churches, and other permit activity.

SOURCES:

City of Seattle Department of Construction and Land Use, *Issued Building Development Permits* (monthly reports).
Home sales data comes from the Northwest Multiple Listing Service.

Office Market

City of Seattle

	1998		1999		
	IV	I	II	III	IV
Total Square Feet	37,732,977	38,149,402	38,207,413	38,562,628	38,993,143
No. of Buildings	458	-	-	-	-
Vacant Square Feet	1,633,065	2,261,078	1,307,978	1,642,137	1,380,523
Vacancy Rates	4.3%	5.7%	3.4%	4.3%	3.5%
Under Construction (Sq. Ft.)	2,450,015	2,952,735	2,872,707	3,435,065	3,562,235
Absorption (Sq. Ft.)	939,187	-114,513	224,030	301,602	655,950

Downtown Seattle

	1998		1999		
	IV	I	II	III	IV
Total Square Feet	27,657,881	28,092,099	28,067,099	28,315,014	28,469,378
No. of Buildings	217	-	220	222	224
Vacant Square Feet	1,045,827	1,303,473	993,575	741,853	589,316
Vacancy Rates	3.8%	4.6%	3.5%	2.6%	2.1%
Under Construction (sq. ft.)	2,410,015	2,376,735	2,336,407	2,889,825	2,997,727
Absorption (sq. ft.)	636,653	288,744	284,122	257,121	353,469
Median Lease Rate (per sq.ft.)					
Class A	\$27.00	\$28.50	\$29.50	\$31.50	\$30.28
Class B	\$20.00	-	\$21.00	\$23.50	-
Class C	\$18.00	-	\$17.50	\$19.50	-
Vacancy Rate					
Class A	3.4%	-	3.7%	2.6%	1.5%
Class B	5.8%	-	3.2%	2.4%	4.3%

NOTES:

"Seattle Overall" consists of Downtown, Northend, Southend, and Tacoma/Federal Way.

"Downtown Seattle" consists of the Canal, CBD, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Office Market

North King County

	1998		1999		
	IV	I	II	III	IV
Total Square Feet	1,135,559	1,135,559	1,135,559	1,135,559	1,135,559
No. of Buildings	24	24	24	24	24
Vacant Square Feet	12,480	13,627	15,330	20,667	29,525
Vacancy Rates	1.1%	1.2%	1.4%	1.8%	2.6%
Under Construction (sq. ft.)	0	0	0	0	0
Absorption (sq. ft.)	20,454	-55,803	-1,654	-5,380	-8,855
Median Lease Rate (per sq.ft.)					
Class A	\$19.50	\$19.27	\$19.13	\$20.60	\$20.46
Class B	\$18.50	-	-	-	-
Vacancy Rate					
Class A	1.2%	-	-	-	-
Class B	0.4%	-	-	-	-

South King County

	1998		1999		
	IV	I	II	III	IV
Total Square Feet	5,450,136	5,462,343	5,557,354	5,632,654	5,741,805
No. of Buildings	127	-	-	-	-
Vacant Square Feet	373,195	672,414	562,960	497,927	433,506
Vacancy Rates	6.8%	12.3%	10.1%	8.8%	7.6%
Under Construction (sq. ft.)	40,000	355,000	315,300	302,240	301,508
Absorption (sq. ft.)	195,830	-241,592	-30,857	140,010	77,959
Median Lease Rate (per sq.ft.)					
Class A	\$18.00	\$17.24	\$17.46	\$18.34	\$18.64
Class B	\$15.50	-	-	-	-
Vacancy Rate					
Class A	3.9%	-	-	-	-
Class B	13.7%	-	-	-	-

Office Market

Bellevue/Eastside

	1998		1999		
	IV	I	II	III	IV
Total Square Feet	17,776,366	17,985,544	19,095,242	19,671,493	20,864,771
No. of Buildings	315	-	336	343	355
Vacant Square Feet	299,097	435,250	713,792	842,013	710,569
Vacancy Rates	1.7%	1.8%	3.7%	4.3%	3.4%
Under Construction (sq. ft.)	2,495,379	2,500,700	3,612,543	4,709,508	3,772,968
Absorption (sq. ft.)	1,221,540	236,797	743,758	389,491	1,412,423
Average Lease Rate (per sq.ft.)					
Class A	\$26.00	\$25.37	\$26.00	\$26.00	\$24.05
Class B	\$24.50	-	\$22.00	\$22.00	-
Class C	\$17.50	-	\$17.00	\$17.00	-
Vacancy Rate					
Class A	1.9%	-	4.3%	4.6%	3.9%
Class B	1.2%	-	2.6%	4.0%	2.3%
Class C	1.0%	-	0.7%	0.6%	1.0%

NOTES:

"North King County" consists of the area north of the Ship Canal up to the King County line.

"South King County" consists of the area south of the Kingdome to the King County line, excluding Federal Way.

"Bellevue/Eastside" consists of all of King County directly east of Lake Washington, plus that portion of Bothell extending into Snohomish County.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Industrial Market

Seattle

	1998		1999		
	IV	I	II	III	IV
Total Square Footage	74,345,715	75,168,465	70,930,026	71,016,568	70,927,337
Industrial	73,125,303	73,948,053	69,741,261	69,827,803	69,785,228
High-Tech	1,220,412	1,220,412	1,188,765	1,188,765	1,142,109
Vacancy Rate					
Pure Industrial	1.6%	1.6%	1.8%	1.7%	2.0%
High-Tech	3.6%	1.3%	2.3%	2.5%	1.2%
Total Vacant (sq. ft.)	1,235,389	1,199,156	1,310,581	1,216,673	1,437,324
Pure Industrial	1,191,942	1,183,169	1,283,239	1,187,073	1,423,619
High-Tech	43,447	15,987	27,342	29,600	13,705
Lease Rates (per sq. ft./mo.)					
Pure Industrial	\$0.60-0.65	\$0.50	\$0.45	\$0.45	\$0.45
High-Tech	\$0.65-1.00	\$0.82	\$0.82	\$0.82	\$0.85
Absorption (sq. ft.)	306,690	73,587	245,152	93,071	-265,167

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Pure Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Seattle" stretches from the King/Snohomish line south to Tukwila.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Industrial Market

Kent Valley

	1998	1999			
	IV	I	II	III	IV
Total Square Footage	84,911,376	84,849,635	85,067,093	85,570,159	85,844,794
Industrial	83,077,212	83,015,471	83,252,435	83,755,501	83,983,480
High-Tech	1,834,164	1,834,164	1,814,658	1,814,658	1,861,314
Vacancy Rate					
Pure Industrial	5.7%	5.7%	5.6%	4.8%	4.9%
High-Tech	15.0%	15.6%	7.4%	6.8%	6.9%
Total Vacant (sq. ft.)	5,027,325	5,018,195	4,829,722	4,177,707	4,218,798
Pure Industrial	4,752,017	4,731,882	4,695,437	4,053,766	4,089,995
High-Tech	275,308	286,313	134,285	123,941	128,803
Lease Rates (per sq. ft./mo.)					
Pure Industrial	\$0.28-0.37	\$0.32	\$0.33	\$0.33	\$0.35
High-Tech	\$0.75-1.15	\$0.95	\$0.95	\$0.95	\$0.95
Absorption (sq. ft.)	54,493	279,464	-355,945	1,398,338	224,142

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Pure Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Kent Valley" is defined as Tukwila, Renton, Kent, Auburn and SeaTac.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Industrial Market

Eastside

	1998	1999			
	IV	I	II	III	IV
Total Square Footage	19,874,821	20,271,280	20,334,569	20,560,153	20,357,740
Industrial	15,412,893	15,689,214	15,855,848	16,016,009	15,695,902
High-Tech	4,461,928	4,582,066	4,478,721	4,544,144	4,661,838
Vacancy Rate					
Pure Industrial	3.7%	5.4%	5.7%	5.6%	4.1%
High-Tech	2.5%	2.2%	0.7%	2.6%	6.7%
Total Vacant (sq. ft.)	683,610	949,786	931,963	1,010,932	959,309
Pure Industrial	570,277	850,355	900,612	893,693	645,102
High-Tech	113,333	99,431	31,351	117,239	314,208
Lease Rates (per sq. ft./mo.)					
Pure Industrial	\$0.45-0.65	\$0.55	\$0.55	\$0.60	\$0.60
High-Tech	\$1.00-1.30	\$1.20	\$1.20	\$1.25	\$1.25
Absorption (sq. ft.)	288,104	258,498	252,595	136,939	153,793

NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Pure Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Eastside" consists of the east side of Lake Washington, King/Snohomish County Line south to Renton City Limits.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Retail Market

Puget Sound Area

	1997		1998		1999	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Total Rentable Sq. Footage	57,680,961	60,439,311	62,536,242	59,030,357	60,597,201	61,220,255
Total Vacant	3,692,585	3,727,557	4,195,059	2,613,436	3,387,384	3,336,504
Vacancy Rates	6.4%	6.2%	6.7%	4.4%	5.6%	5.5%
Absorption (sf)	1,360,265	2,826,650	1,629,429	6,442,336	561,033	72,711

Puget Sound consists of the downtown Seattle, Northend, Southend, Eastside, and Kitsap Markets.

Downtown Seattle

	1997		1998		1999	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Total Rentable Sq. Ft.	3,627,914	3,627,914	3,686,414	4,558,469	4,558,469	4,816,804
Total Vacant	81,969	92,708	101,172	114,678	131,740	148,839
Vacancy Rates	2.3%	2.6%	2.7%	2.5%	2.9%	3.1%
Rental Rates	\$22.78	\$27.03	\$26.60	\$25.16	\$26.29	\$38.31
Absorption (sf)	62,781	-10,739	50,036	847,549	8,243	64,233

The Ship Canal south to the West Seattle Bridge including the Central Business District, Denny Regrade, Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District.

Northend

	1997		1998		1999	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Total Rentable Sq. Ft.	14,419,662	15,317,492	15,513,322	15,152,425	15,803,346	15,847,347
Total Vacant	782,182	711,080	849,089	678,490	933,978	1,044,340
Vacancy Rates	5.4%	4.6%	5.5%	4.5%	5.9%	6.6%
Rental Rates	\$13.03	\$14.81	\$11.96	\$13.15	\$11.19	\$16.03
Absorption (sf)	323,675	1,085,416	57,821	747,419	12,752	51,709

Northend is defined as North Seattle from Ship Canal up through Snohomish and Northern Counties.

Southend

	1997		1998		1999	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Total Rentable Sq. Ft.	26,721,964	27,540,484	28,285,213	27,509,392	27,894,915	28,293,688
Total Vacant	1,968,671	2,032,407	2,139,346	1,344,928	1,860,591	1,621,228
Vacancy Rates	7.4%	7.4%	7.6%	4.9%	6.7%	5.7%
Rental Rates	\$12.29	\$10.61	\$11.78	\$14.65	\$15.07	\$19.07
Absorption (sf)	719,765	754,784	637,790	2,424,513	265,823	98,239

"Southend" is South Seattle through Pierce and Thurston Counties.

Bellevue/Eastside

	1997		1998		1999	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Total Rentable Sq. Ft.	9,861,030	10,529,030	11,626,902	11,810,071	12,340,471	12,262,416
Total Vacant	476,879	515,084	696,958	475,340	457,831	521,153
Vacancy Rates	4.8%	4.9%	6.0%	4.0%	3.7%	4.3%
Rental Rates	\$14.72	\$22.55	\$15.24	\$17.32	\$19.92	\$21.21
Absorption (sf)	111,466	629,795	915,998	761,210	274,215	-141,470

All of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell and Mercer Island.

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Apartment Market

	1997		1998		1999	
	First Half	Second Half	First Half	Second Half	First Half	Second Half
Seattle/North King	1.2%	1.3%	1.2%	1.7%	2.3%	3.4%
Capitol Hill/Eastlake	0.9%	1.9%	1.9%	1.4%	1.1%	0.5%
Central District	1.0%	1.7%	0.5%	-	2.2%	5.3%
Downtown/First Hill	1.6%	0.8%	0.8%	1.7%	2.2%	3.7%
Magnolia/Queen Anne	0.4%	1.3%	1.2%	1.8%	2.5%	4.2%
North Seattle	0.0%	1.5%	1.2%	1.2%	1.1%	3.0%
Sandpoint	0.0%	0.0%	0.0%	0.5%	1.8%	2.6%
South Seattle	1.0%	1.1%	-	1.0%	3.2%	-
University District	3.7%	0.8%	1.0%	0.5%	2.7%	1.5%
West Seattle	1.6%	1.7%	1.1%	0.6%	3.2%	3.2%
South King County	3.0%	1.9%	1.7%	1.8%	3.0%	3.6%
Auburn	5.4%	2.3%	1.1%	2.4%	4.4%	4.7%
Burien/Des Moines	3.2%	2.0%	1.2%	1.6%	3.0%	1.9%
Federal Way	3.5%	2.0%	1.9%	2.0%	3.2%	6.2%
Kent	3.2%	1.6%	1.7%	2.2%	2.1%	3.4%
Renton	1.5%	1.9%	1.9%	1.4%	3.5%	2.4%
Sea-Tac/Tukwila	2.7%	1.8%	1.8%	1.4%	3.0%	3.4%
East King County	1.0%	1.1%	1.4%	1.7%	2.7%	5.2%
Bellevue	0.8%	0.9%	1.0%	1.4%	2.4%	5.6%
Bothell/Woodinville	0.5%	1.8%	1.6%	3.2%	2.8%	4.8%
Issaquah/North Bend	2.2%	1.0%	1.8%	1.5%	3.1%	3.8%
Kirkland	1.3%	1.2%	1.7%	1.9%	3.8%	3.4%
Redmond	1.2%	0.8%	1.7%	1.0%	2.1%	6.1%
Snohomish County	1.2%	1.4%	1.1%	1.8%	3.8%	4.2%
Edmonds	1.0%	1.4%	0.7%	0.9%	2.4%	1.9%
Everett	1.9%	1.7%	1.1%	1.8%	2.9%	5.3%
Lynnwood	1.3%	1.0%	1.0%	2.4%	2.8%	3.9%
Marysville	0.0%	2.1%	1.7%	0.0%	7.7%	6.3%
Mountlake Terrace	0.3%	0.8%	0.8%	1.8%	4.1%	3.2%
Pierce County	6.0%	4.8%	4.5%	3.3%	3.2%	5.1%
Fircrest	4.7%	4.2%	6.2%	3.2%	3.6%	3.5%
Gig Harbor	4.2%	6.4%	3.6%	5.1%	4.5%	8.5%
Lakewood	6.9%	6.1%	5.3%	3.6%	3.3%	4.9%
Puyallup	4.9%	3.0%	3.7%	1.4%	3.3%	4.8%
Tacoma	6.4%	5.0%	4.5%	2.3%	2.7%	6.1%

SOURCE: CB Richard Ellis *Quarterly Market Reports*

Sources for Quarterly Economic Measures

AIR TRANSPORT ASSOCIATION is the source for airline industry profits. Their World Wide Web address is <http://www.air-transport.org/>.

BOEING is the source for Boeing employment and for their backlog of airplane orders. Their World Wide Web address is <http://www.boeing.com/>.

CB COMMERCIAL QUARTERLY MARKET REPORT is a quarterly publication of Coldwell Bankers' commercial division. It contains data on industrial, commercial, retail and apartment properties.

CITY OF SEATTLE DEPARTMENT OF CONSTRUCTION AND LAND USE sends out an "Issued Permit Data" report every month. It contains the number of permits issued and the value of permitted construction.

EMPLOYMENT AND PAYROLLS IN WASHINGTON STATE BY COUNTY AND INDUSTRY is published by Washington State Employment Security. It contains wages paid and employment levels for industries by county. It has a lag of about one year.

FEDERAL HOUSING FINANCE BOARD is the source for the national new home mortgage yield. Their web address is <http://www.fhfb.gov/mirs.htm>.

FEDERAL RESERVE is the source for the bulk of national interest rates, as well as industrial production and capacity utilization figures. Their World Wide Web address is <http://www.bog.frb.fed.us/releases/H15/>.

KING COUNTY REEMPLOYMENT SUPPORT CENTER is a core program of the Worker Center and is the source for worker layoff data.

PORT OF SEATTLE is the source for air and waterborne freight shipment data, as well as passenger traffic.

QUARTERLY BUSINESS REVIEW is published quarterly by the Washington State Dept. of Revenue. It lists the amount of taxable retail sales by industry by county. The data has a lag of around six months.

SEATTLE CITY LIGHT tabulates electrical sales in a monthly revenue report.

SEATTLE DEPARTMENT OF REVENUE is the source for new business starts. It is measured by the number of business licenses issued.

SEATTLE-KING COUNTY CONVENTION AND VISITORS BUREAU is the source for the bulk of convention information. The exception is for local room tax, which comes from the Washington Dept. of Revenue.

SEATTLE TIMES BUSINESS SECTION (from MARKET TRENDS RESEARCH CO.) publishes a table of local interest rates every Monday called "Money/Database."

U.S. BANKRUPTCY COURT tracks the number and type of bankruptcies and tabulates them monthly.

U.S. BUREAU OF ECONOMIC ANALYSIS is the source for many of the national economic measures. Their web site is <http://www.bea.doc.gov>.

U.S. CENSUS BUREAU is the source for manufacturers' new orders and non-defense capital goods orders. Their web site is <http://www.census.gov/indicator/www/table5p.txt>.

WASHINGTON DEPT. OF REVENUE publishes *Local Tax Distributions* every two months. This is the source for local room tax.

WASHINGTON STATE LABOR AREA SUMMARIES is published monthly by Washington State Employment Security. It contains both labor statistics and price index data. It has a lag of one to two months.